Service Center Recognition Image Processing System (SCRIPS) – Privacy Impact Assessment

PIA Approval Date – Nov. 23, 2009

System Overview

Service Center Recognition Image Processing System (SCRIPS) utilizing high–speed scanning and digital imaging technology in processing tax documents. The SCRIPS system improves current Optical Character Recognition (OCR) tax form handling capabilities for the Internal Revenue Service (IRS). SCRIPS replaced the OCR processing hardware and software applications, which previously processed single–side tax reporting forms (Federal Tax Deposits [FTD] and Information Returns Program [IRP] and Schedule K–1). SCRIPS applications have been developed for the processing of scanned tax forms (e.g., FTD; IRP Forms 1096, 1098, 1099, and 5498; Schedule K–1). The IRS has now added certain Schedule R documents to the scan list of form types associated with the Forms 940 and 941.

Systems of Records Notice (SORN):

- IRS 22.054--Subsidiary Accounting Files
- IRS 22.060--Automated Non–Master File
- IRS 22.061--Individual Return Master File (IRMF), (formerly Wage and Information Returns Processing [IRP] File)
- IRS 24.030--Individual Master File (IMF), Taxpayer Services, (formerly Individual Master File [IMF], Returns Processing)
- IRS 24.046--Business Master File (BMF), Taxpayer Services, (formerly Business Master File [BMF], Returns Processing)
- IRS 34.037--IRS Audit Trail and Security Records System for the audit trail records

Data in the System

1. Describe the information (data elements and fields) available in the system in the following categories:

A. Taxpayer – Taxpayer data available in the system:
- Individual taxpayer Entity
- Business taxpayer Entity
- Money amounts
- Account numbers

B. Employee:
- Employee Social Security number (SSN)
- Employee Name

C. Audit Trail Information – Audit trail information is held in the system for the individual site System Security Officer (SSO) to review. Auditable events are listed below:
- Logon/Logoff to system
- Change password
- Notations as to whether a file has been opened
- Creation or Modification of user accounts
- All administrator actions

2. Describe/identify which data elements are obtained from files, databases, individuals, or any other sources.

A. IRS – The following IRS forms provide SCRIPS with all the data elements in the system:
- E–EIF (Enhanced–Entity Index File)
  - Input
  - Employee Identification Number (EIN)
  - Taxpayer Identification Number (TIN) Type
  - 4 digit Name Control(s)
  - Address Key (first 5 positions of Address + 5 digit Zip Code)
- IDRS (Integrated Data Retrieval System)
  - Input
  - Image print can be requested by EIN/TIN

B. Taxpayer – The individual Taxpayer and/or Business may submit any one of the following paper forms, which are then scanned into SCRIPS. These paper forms may contain taxpayer or business TIN, financial information and/or account information:
- Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return
- Form 941, Employer's Quarterly Tax Return
- Schedule R, for 941 and 940 (starting 2010)
- Form 1096, Annual Summary and Transmittal of U. S. Information Returns
- Form 1098, Mortgage Interest Statement
- Form 1098–E, Student Loan Interest Statement
- Form 1098–T, Tuition Payments Statement
- Form 1099–A, Acquisition or Abandonment of Secured Property
- Form 1099–B, Proceeds From Broker and Barter Exchange Transactions
- Form 1099–C, Cancellation of Debt
- Form 1099–DIV, Dividends and Distribution
- Form 1099–G, Certain Government Payments
- Form 1099–H, Health Insurance Advance Payments
- Form 1099–INT, Interest Income
- Form 1099–MISC, Miscellaneous Income
- Form 1099–OID, Original Issue Discount
- Form 1099–PATR, Taxable Distributions Received From Cooperatives
- Form 1099–Q, Qualified Tuition Program Payments (Under Section 529)
- Form 1099–R, Distributions from Pensions, Annuities, Retirement or Profit–Sharing Plans, IRAs, Insurance Contracts, etc.
- Form 1099–S, Proceeds From Real Estate Transactions
- Form 2284, Advice of Credit/Transmittal Header
- Form 5498, Individual Retirement Arrangement Information
- Form 8109, Federal Tax Deposit (FTD) (preprinted) Coupon
- Form 8109B, Federal Tax Deposit (FTD) (handwritten) Coupon
- Form 8163, FTD Replacement Coupon
- Form 8164, FTD Transmittal Replacement
- Schedule K–1 (Form 1041)
- Schedule K–1 (Form 1065)
- Schedule K–1 (Form 1120S)

C. Employee – The employee submits Online (OL) 5081 to request a login to SCRIPS. The OL–5081 and SCRIPS systems contain employee name and SSN.

D. Other Federal Agencies: Federal agencies as employers may potentially submit any of the stated Form types as it relates to tax administration. The only paper processing allowed by IRS is for small monetary amounts.

3. Is each data item required for the business purpose of the system? Explain.
Yes, SCRIPS scans and processes tax–related forms, therefore the Personally Identifiable Information (PII) contained within the forms must be contained within SCRIPS to ensure proper tax form processing.

4. How will each data item be verified for accuracy, timeliness, and completeness?
All SCRIPS data are received from authoritative sources (e.g., taxpayer, employer, shareholder, etc.) via the mail in paper format. As the data is retrieved for each of the fields, it is checked for completeness and validity. The SCRIPS application requires the operator to manually enter data for any field that cannot be recognized, or does not meet length and appropriate character requirements by the character recognition engine. If none of the form can be deciphered, the user must key enter the form manually. Any field entered by the operator, is again checked against length and appropriate character requirements by the application. If the entered data does not meet requirements, the application will display an error message explaining the requirement to be met, and data must be re–entered. Federal Tax Deposits (FTDs) must be processed on SCRIPS within a 24–hour period after receipt to the IRS. Forms 940, 941, Schedule K–1 & IRP forms must be processed by their Internal Revenue Manual (IRM) and location Production Completion Date (PCD).

5. Is there another source for the data? Explain how that source is or is not used.
Bank and financial institutions over a certain monetary threshold must file electronically via EFTPS, therefore, none of these third parties would provide any of the previous mentioned paper forms as paper submission.

6. Generally, how will data be retrieved by the user?
Each SCRIPS workstation presents an authorized user with several "main menu" options, which in turn have several sub–menus or modules attached to them. The Operator must select what function OE (Original Entry – 100% Entry) or DV (Data Validation – data correction/perfection). Then the operator selects which Form Type to work.

7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?
No. In order to retrieve a file, the user must enter a Document Locator Number (DLN). Every form that is scanned has a DLN that is generated specifically for that document.

Access to the Data

8. Who will have access to the data in the system (Users/Operators, Managers, System Administrators, Developers, Others)?
A profile is first established for each authorized user by the SCRIPS System Administrator through OL5081. The profile is then authorized by the SCRIPS Site Manager. Permissions are grouped by:
- SCRIPS Operators,
- SCRIPS Supervisors,
- SCRIPS System Administrator (SA),
- And others (e.g., Treasury Inspector General for Tax Administration [TIGTA], Government Accountability Office [GAO]).

These permissions which list only those functions that the user is authorized to execute. Currently the following user roles for SCRIPS exist:
- Transport Operators;
- System Administrators;
- Supervisors;
- Quality Reviewers;
- And Workstation Operators.

Below is a description of the functions associated with each user:

Role: Transport Operators
Permissions: Powering up and down scanner equipment, log on/off monitors, execute runs on scanner/transports, load/unload documents processed on scanners, handle scanner errors and problems, image degradation.

Role: System Administrators
Permissions: Maintain/manage: user accounts, audit trail files, security measures, backup files, network, database, system recovery, and restore backup.

Role: Supervisory Personnel
Permissions: Set operator files, manage workflow, run reports, purge files, manage tape output and input, respond to error messages, handle system priorities.

Role: Quality Reviewers
Permissions: Perform individual and process reviews, prepare reports, managerial review, maintain Defect Code List table.

Role: Workstation Operators
Permissions: Perform DV and OE from image and paper sources, perfect data, insert/delete documents in blocks/UWs/units of work.

Note: The SCRIPS application was contracted to, and developed by, Northrop Grumman Information Technology, Inc (NGIT). NGIT will have continued access for maintenance and trouble shooting issues.

9. How is access to the data by a user determined and by whom?
The SCRIPS site manager authorizes access to the system via the access control process OL5081. Users must complete and submit the OL5081 form to their manager for approval. Once approval is gained, the SA sets the permissions. Application users are given only access rights necessary to complete the tasks associated with their job description. The application separates user function by role. Contractors with access to the system have minimum background investigation (MBI) and undergo the same security training as IRS employees.

10. Do other IRS systems provide, receive, or share data in the system? If YES, list the system(s) and describe which data is shared.
Yes. Beginning with the Tax Year 2003 processing year, SCRIPS used Files Transfer Protocol (FTP) via the EFTU (Enterprise File Transfer Utility) to transmit data to IRS Computing Centers (Martinsburg Computing Center [MCC] or Tennessee Computing Center [TCC]). SCRIPS outputs the scanned OCR data and images to SOI (Statistics of Income) via Secure FTP (SFTP).

11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?
The systems described above do not have current Security Certification and Privacy Impact Assessments.

Enterprise FTP Network Server (EFNS) system had a Privacy Impact Assessment (PIA) completed: April 19, 2002, expired on April 19, 2005. EFNS has since been replaced by Enterprise File Transfer Utility (EFTU).

Enterprise File Transfer Utility (EFTU)
- No current EFTU Certification & Accreditation (C&A) has been completed.

Statistics of Income (SOI)
- Authorization to Operate (ATO) (None)
- Privacy Impact Assessment (PIA) (None)

12. Will other agencies provide, receive, or share data in any form with this system?
The SCRIPS application provides information to TIGTA and GAO. The data may be in the form of answers to their in–depth questions. This occurs only during audits.

<u>Administrative Controls of Data</u>

13. What are the procedures for eliminating the data at the end of the retention period?
Destruction policies and procedures pertaining to the secured media storing SCRIPS data will be or are in the Information Security (IS) data security mandates.

Image and retrieval data retention periods are as follows:
- Form 940 and associated Schedules = 7 years
- Form 941 and associated Schedules = 7 years
- IRP Form 1096 as previously listed = 4 years
- Schedule K–1 (Form 1041) = 7 years
- Schedule K–1 (Form 1065) = 7 years
- Schedule K–1 (Form 1120S) = 75 years
- Federal Tax Deposit (FTD) = 7 years

All audit trail files for IRS systems are retained for a minimum period of six (6) years; SCRIPS keeps them for 12 years. Electronic records are protected in accordance with the sensitivity of the stored information. For systems that store or process taxpayer information, audit trail archival logs are retained for six (6) years, unless otherwise specified by a formal Records Retention Schedule developed in accordance with Internal Revenue Manual (IRM) 1.15, Records Management.

The IRS retains audit log data, along with other system–specific records, as specified by a system records retention schedule for the system in question. See IRM 1.15, Records Management, for specific guidance regarding system records retention schedules. Audit logs may be retained for up to seven (7) years, per IRM 1.15. IRM 1.15 has precedence over this IRM for systems covered by IRM 1.15.

Once the Forms are processed and output downstream, the data is held for one (1) week, depending on capacity levels. The Supervisor and/or System Administrator will then purge the data.

14. Will this system use technology in a new way?
No. The system does not use technology in a new way.

15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.
No. The system as designed does not have the capability to monitor individuals except as it pertains to the audit trail information which is used to identify unauthorized events.

16. Will this system provide the capability to monitor individuals or groups? If yes, describe the business purpose for this capability and the controls established to prevent unauthorized monitoring.
No. The system as designed does not have the capability to identify, locate or monitor groups of Taxpayers. The system monitors the Operator's Statistics including volume and quality rate. Rates are used to determine Gainsharing pay and also to assess the quality of the data being output.

17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently?
No. There is no possibility for disparate treatment with SCRIPS. The system only creates an image and processes the Forms as they are received from the mailroom.
The system monitors the Operator's Statistics including volume and quality rate. Rates are used to determine ratio of Gainsharing to pay the employee and also to assess the quality of the data being output.

18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?
Not Applicable.

19. If the system is web–based, does it use persistent cookies or other tracking devices to identify web visitors?
Not Applicable. SCRIPS is a stand alone, tax forms processing, non–web–based system. Its operation does not require the use of persistent cookies, or other tracking devices for identification.

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